

LEXINGTON INSURANCE COMPANY

Wilmington, Delaware
Administrative Offices: 100 Summer Street, Boston Massachusetts 02110

Miscellaneous Professional Liability Declarations
THIS IS A CLAIMS-MADE POLICY. PLEASE READ IT CAREFULLY.

Policy No.:	1323464	Renewal of:	1323247
ITEM 1.	Named Insured: Mailing Address:	PADI Worldwide Corporation 30151 Thomas Street, Rancho Santa Margarita, CA 92688	
ITEM 2.	Policy Period:	From: 6/30/2004 To: 6/30/2005 at 12:01 A.M. standard time at the mailing address of the insured	
ITEM 3.	Limits of Liability	A) PADI Worldwide Corporation B) Each Certificate Holder	\$5,000,000 Each Claim \$5,000,000 Annual Aggregate \$1,000,000 Each Claim \$2,000,000 Annual Aggregate
ITEM 4.	Premium:	Per Rating Schedule Endorsement	
ITEM 5.	Professional Services:	SCUBA Diving, Snorkeling and Swimming Instruction and Supervision and Emergency First Aid Training	
ITEM 6.	Retroactive Date:	June 30, 1992 Refer to Section VI (A) Basis of Claim- Claims Made Clause	
ITEM 7.	Extended Reporting Period:	90 Days Refer to Section VI (B) Basis of Claim- Claims Made Clause	

By acceptance of the policy the Insured agrees that the statements in the Declarations and the Application and any attachments hereto are the Insured's agreement and representation and that this policy embodies all agreements between the Insured and the Company or any of its representatives relating to this insurance.

Authorized Representative Or
Countersignature (In states where applicable)

PADI (6/02)

PADID (06/02)

EXHIBIT " A "

FORMS SCHEDULE

Named Insured:	PADI WORLDWIDE CORPORATION		
Policy Number:	1323464	Effective Date:	06/30/2004
Form Number	Edition Date	End #	Title
PADID	06/02		PADI DEC PAGE
PADIT	06/02		PADI FORM TEXT
LEXDOC		001	ADDITIONAL INSURED FACILITY
LEXDOC		002	COVERAGE PERIOD AND WARRANTEE
LEXDOC		003	ADDITIONAL INSURED - BLANKET FORM
LEXDOC		004	NAMED INSURED AMENDMENT
LX9580	01/03	005	TOTAL TERRORISM EXCLUSION
LX9578	01/03	006	WAR EXCLUSION
LEXDOC		007	ADDITIONAL INSURED NG
LEXDOC		008	LIMITS OF LIABILITY
LEXDOC		009	RATE SCHEDULE

LEXINGTON INSURANCE COMPANY

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Miscellaneous Professional Liability Policy

THIS IS A CLAIMS-MADE POLICY. PLEASE READ IT CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II – WHO IS AN INSURED**.

Other words and phrases that appear in the quotation marks have special meaning.
Refer to **SECTION V – DEFINITIONS**.

SECTION I – COVERAGE**1. Insuring Agreement**

A. We will pay those sums that the insured becomes legally obligated to pay as damages because of any "occurrence" that is a result of any negligent act, error or omission in the rendering or failure to render "professional services" of the type described in ITEM 5 of the Declarations, whether committed by the insured or by any person for those negligent acts, errors or omissions the insured is legally responsible. No other obligations or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SECTION 1 (3) Supplementary Payments**. The "occurrence" must take place within the "coverage territory" during the "coverage period". We will have the right and duty to defend any "suit" seeking those damages, but we will have no duty to defend the insured against any "suit" seeking "damages" for a negligent act, error or omission to which this insurance does not apply. However,

- (1) The amount we will pay for damages is limited as described in **Limits of Insurance (Section III)**;
- (2) We may investigate and settle any claim or "suit" at our discretion and we shall have the exclusive rights to contest or settle any claim or suit; and
- (3) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

B. This insurance applies to "damages" only if:

- (1) The occurrence resulting from any negligent act, error or omission did not occur before the Retroactive Date, if any in the declarations or after the end of the policy period; and
- (2) A claim for damages because of the rendering or failure to render "professional services" is first made against any insured, in accordance with paragraph c below, during the policy period or any Extended Reporting Period we provide under **SECTION VI (B)**.

C. A claim by a person or organization seeking "damages" will be deemed to have been made at the earlier of the following times:

- (1) When notice of such claim or "occurrence" is received and recorded by any insured or by us, whichever comes first; or
- (2) When we make settlement in accordance with paragraph A above.

All claims made during the "coverage period" and arising out of an "occurrence" that results from a single act, error or omission or that results from a series of related acts, errors or omissions, shall be considered first

made during the policy period or extended reporting period in which the earliest claim arising out of an "occurrence" that results from such acts, errors or omissions or related acts, errors or omissions was first made, and all such claims shall be subject to the limit of liability stated in ITEM 3 of the declarations of the policy which applies to such earliest claims

2. Exclusions:

This insurance does not apply to:

- A. "Bodily injury", "property damage", "advertising injury" or "personal injury" except arising out of a negligent act, error or omission in the rendering or failure to render "professional services" by an insured.
- B. Any dishonest, fraudulent, criminal or malicious act or omission of the insured.
- C. The conduct of any business enterprise (including the ownership, maintenance or use of any property in connection therewith) owned by the insured or in which any insured is a partner, or which is directly or indirectly controlled, operated or managed by any insured either individually or in a fiduciary capacity; but this exclusion does not apply to the practice of "professional services" as described in the description of professional hazards section of the Professional Liability Coverage Part Declarations.
- D. Actions for libel, slander, invasion of privacy, assault or battery or conversions;
- E. The assumption of liability in a contract or agreement;
- F. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- G. Bodily Injury, Personal Injury and/or Advertising Injury to:
 - (1) An employee of the insured arising out of and in the course of employment by the insured; or
 - (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damage because of the injury.

- H. The performance of a criminal act or caused by a person while under the influence of intoxicants or narcotics.
- I. Liability arising out of the insurer's services and/or capacity as:
 - (1) an officer, director, partner, trustee, or employee of a business enterprise not named in the declarations;
 - (2) an officer, director, partner, trustee or employee of a charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust;
 - (3) a fiduciary under the Employment Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto or any other employee benefit plan.
- J. To "bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, loading or unloading of any automobile, aircraft or watercraft. However, this exclusion shall not apply to the ingress and/or egress from any watercraft while any diver is under the insured certificate holder's supervision and/or instruction.

K. To "property damage" to:

- (1) Property owned or occupied by or rented to the insured;
- (2) Property used by the insured; or
- (3) Property in the care, custody or control of the insured or as to which the insured if for any purpose exercising physical control. This exclusion does not apply to swimming pools rented by, used by, or occupied by the named insured.

L. To liability arising from the acts other than those that have been approved and sanctioned for aquatic organizational instruction, orientation, or supervision.

M. To "bodily injury" or "property damage", resulting from the use, supplying, rental or sale of any equipment including but not limited to regulators, gauges, compressed air, buoyancy compensation devices, air cylinders, dive tables, or decompression computers.

N. Any civil, criminal or administrative fines or penalties levied against an insured or anyone working on behalf of the insured.

O. Any claim or indemnification for punitive or exemplary damages.

P. Any claims arising out of knowingly non-complying with Federal, State and/or local statutes.

Q. Any claim based upon or arising out of discrimination by the insured on the basis of age, color, race, sex, creed, national origin, marital status, sexual orientation, handicap status or disability. However, this exclusion does not apply if instruction is denied for valid safety reasons. Valid safety reasons include, but are not limited to, concern over medical history of student, disability of student or determination that student lacks physical aptitude to dive.

R. Any claim arising of the insured's inability to complete jobs as a result of its bankruptcy or insolvency.

S. "Personal Injury" to any employee of the insured arising out of and in the course of employment by the insured.

This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

T. "Bodily Injury" and "Personal Injury" arising out of any:

- (1) Refusal to employ;
- (2) Termination of employment;
- (3) Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or other employment related practices, policies, acts or omissions; or
- (4) Consequential "bodily injury" as a result of (1) through (3) above.

This exclusion applies whether the insured may be held liable as an employer or in any other capacity and to any obligation to share damage with or repay someone else who must pay damages because of the injury.

U. Any claim arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

- (1) At or from any premises, site or location which is or was at any time owned or occupied by or rented or loaned to any insured;
- (2) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(4) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations

- a. if the pollutants are brought on or to the premises, site or location in connection with such operations by such insureds, contractors or subcontractors; or
- b. if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and wastes. Waste includes materials to be recycled, reconditioned or reclaimed.

V. Asbestos Exclusion

- (1) "Damages" arising out of resulting from, caused or contributed by asbestos or exposure to asbestos; or
- (2) The costs of abatement, mitigation, removal or disposal of asbestos.

This exclusion also includes:

- a. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and
- b. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

W. "Damages" arising out of an act, error or omission:

- (1) Disclosed in your application of insurance or any accompanying documents provided to us; or
- (2) You had knowledge of or information on, prior to the first inception date of continuous claims-made coverage with us, and which may result in a claim.

3. Supplementary Payments

We will pay with respect to any claim or "suit" we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
4. All costs taxed against the insured in the "suit".
5. Pre-judgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any pre-judgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

THESE PAYMENTS WILL NOT REDUCE THE LIMITS OF INSURANCE

SECTION II – WHO IS INSURED

Each of the following is an insured under this insurance to the extent set forth below:

- A. The named insured shall be the organization stated in the declarations of the policy; and
- B. Anyone to whom a certificate of insurance has been issued under this policy; including any dive master in training while assisting an instructor.
- C. Any additional insured named by endorsement or certificate to this policy. It is hereby understood and agreed that this policy is extended to include the interest of additional insureds, solely, however, with respect to their interest in activities conducted by the named insured hereunder, but shall not operate to increase the limit of liability hereunder.
- D. The following are not insured unless said person or entity is a certificate holder or an additional insured under the policy.
 - (1) The employer of an insured.
 - (2) The employee of an insured.
 - (3) Any corporation, partnership or joint venture of which the insured is an officer, partner, joint venture or employee.

SECTION III- LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Professional Liability Coverage Part Declarations and the rules below fix the most we will pay regardless of the number of:
 - A. Insureds;
 - B. Claims made of "suit" brought; or
 - C. Persons or organizations making claims or bringing "suit"
2. The Professional Liability Aggregate Limit is the most we will pay for the sum of all damages to which this insurance applies. However, this aggregate limit applies separately to each certificate holder, and the named organization.
3. Subject to the Professional Liability Aggregate Limit, the Professional Liability Each Claim Limit is the most we will pay for the sum of all damages arising out of any negligent act, error or omission. However, the Professional Liability each claim limit applies separately to each certificate holder, and the named organization.

SECTION IV – PROFESSIONAL LIABILITY CONDITIONS**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties in the Event of a Negligent Act, Error or Omission or Claim or "Suit"

- A. You must notify us promptly of a negligent act, error or omission which may result in a claim. Notice should include:
 - (1) How, when and where the negligent act, error or omission took place; and
 - (2) The names and addresses of any injured persons or witnesses.
- B. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".
- C. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury to which this insurance may also apply.

D. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, settle any claim, admit any liability without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- A. To join us a party or otherwise bring us into a "suit" asking for damages from an insured; or
- B. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

A. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then we shall share with all that other insurance by the method described in c. below.

B. Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is effective prior to the beginning of the policy period shown in the Declarations of this insurance and applies to "bodily injury" or "property damage" on other than a "claims-made" basis, if:
 - a. No Retroactive Date is shown in the Declarations of this insurance; or
 - b. The other insurance has a policy period which continues after the Retroactive Date shown in the Declarations of this insurance;
- (2) That is Fire, Extended Coverage, Builders Risk, Installation Risk or similar coverage for "your work"; or
- (3) That is Fire insurance for premises rented to you; or
- (4) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Section I Exclusion J.

When this insurance is excess, we will have no duty under this coverage part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in the Excess Insurance provision and was not bought specifically to apply excess of the Limits of Insurance shown in the Declarations of the Coverage Part.

C. Method of Sharing

If all the other insurance permits contribution by equal share, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- A. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- B. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. It is expressly agreed that the premium shown is a minimum premium and fully earned upon the issuance of this coverage. This premium is not subject to return premium adjustment unless the policy is canceled by the Company or it is considered null and void as a result of any breach of a policy warranty.
- C. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such time as we may request.

6. Representations

By accepting this policy, you agree:

- A. The statements in the Declarations are accurate and complete;
- B. Those statements are based upon representation you made to us; and
- C. We have issued this policy in reliance upon your representations.

7. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights of duties specifically assigned to the first Named Insured, this insurance applies:

- A. As if each Named Insured were the only Named Insured; and
- B. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer of Rights of Recovery Against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them.

9. Service of Suit

It is agreed that in the event of our failure to pay any amount claimed to be due hereunder, we at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court or seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further

agreed that service of process may be made upon Counsel, Legal Department, Lexington Insurance Company, 200 State Street, Boston, MA 02109, or his or her representative, and that in any suit instituted against us upon this policy, we will abide by the final decision of such court or of an appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, we hereby designate the Superintendent, Commissioner, or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successor or successors in office as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the Counsel, Legal Department, Lexington Insurance Company, 200 State Street, Boston, MA 02109, as the person to whom the said officer is authorized to mail such process or a true copy thereof.

SECTION V – DEFINITIONS

1. **"Advertising Injury"** means:
 - A. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - B. Oral or written publication of material that violates a person's right of privacy;
 - C. Misappropriation of advertising ideas or style of doing business; or
 - D. Infringement of copyright, title or slogan.
2. **"Bodily Injury"** means bodily injury, sickness or disease sustained by a person, including death or mental anguish resulting from any of these at any time.
3. **"Coverage Period"** means: the time from the inception of the first policy of this type we wrote for you to the expiration of the last such policy we wrote for you including any Retroactive Dates and/or Extended Reporting Periods in such policy.
4. **"Coverage Territory"** means: Anywhere in the World.
5. **"Damages"** means any compensatory amount which an insured is legally obligated to pay for any claim to which this insurance applies, but does not include injunctive or equitable relief or the return of fees or charges for services rendered.
6. **"Named Insured"** means in addition to Section II (Who is an Insured). Named Insured means a person in whose name the certificate of insurance is issued. The Named Insured shall not mean any Additional Insured listed on the certificate.
7. **"Occurrence"** means an accident (an event unintended by the insured), which occurs while the claimant or decedent is in the water, entering, exiting or preparing to enter the water in connection with Scuba (self contained underwater breathing apparatus) or snorkeling activities. It also includes an accident occurring in a pool or natural body of water and/or classroom.
8. **"Personal Injury"** means injury, other than "Bodily Injury", arising out of one or more of the following offenses:
 - A. False arrest, detention or imprisonment;
 - B. Malicious prosecution;
 - C. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - D. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - E. Oral or written publication of material that violates a person's right or privacy.
9. **"Professional Services"** mean:

Those services rendered by certified instructors, assistant instructors, dive masters, snorkel or swim instructors, dive control specialists (divecon).

10. "Property Damage" means:

- A. Physical injury to tangible property including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- B. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

11. "Pollutants" means any solid, gaseous, liquid or thermal irritant or contaminant, including smoke, vapor or soot, fumes, acids, alkalis or chemicals and waste.

12. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

SECTION VI – BASIS OF CLAIM – CLAIMS MADE CLAUSE

A. This policy applies to claims first made against the insured and/or certificate holder insured during the policy period, but in no event will coverage apply with respect to occurrences taking place prior to 6/30/92 or the effective date of the first certificate issued to the certificate holder insured hereunder whichever is later. Notwithstanding the foregoing, it is a condition precedent that the retroactive coverage described above applies only if coverage has been continuous; in the event of non-continuity, coverage shall only apply with respect to occurrences taking place on or after the date from which coverage has been continuous.

It is further agreed that this policy does not apply to "Bodily Injury", "Personal Injury", or "Property Damage" arising out of an "occurrence"

- i) disclosed in your application of insurance or any accompanying documents provided to us, or
- ii) you had knowledge of, or information on, prior to the first inception date of coverage with us, and which may result in a claim.

B. Following the end of the policy period hereunder there shall be a further ninety (90) day period to report claims and/or "occurrences" made against the certificate holder insured for occurrences taking place during the period of the certificate issued under this policy and such claims shall be treated as if made during the policy period; the extended reporting period shall also apply to terminated certificates, unless terminated due to non-payment or premium.

SECTION VII – NOTICE OF CANCELLATION

This policy, or any certificate, may be canceled by the Company by mailing to the named insured at the address shown in this policy or certificate, written notice stating when not less than forty-five (45) days thereafter such cancellation shall be effective. Except in the case of cancellation for non-payment of premium, for which written notice stating when not less than ten (10) days thereafter such cancellation shall be effective. The mailing of notice of aforesaid shall be sufficient proof of notice.

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named Insured or by the Company shall be equivalent to mailing.

SECTION VIII – WARRANTIES (CONDITIONS AND LIMITATIONS)

Notwithstanding anything to the contrary contained herein, in consideration of the coverage provided, in addition to the premium charged, it is agreed that the insured warrants the acts and activities, insured herein, shall conform with the following agreements:

1. During open water instruction and/or tests, no instructor shall knowingly permit any uncertified student to leave the immediate area without supervision and attendance of an instructor or a certified assistant.
2. During open water instruction and/or tests, no instructor, certified assistant or dive master shall leave or permit any uncertified student to be unattended.

3. Training dives shall be planned within accepted recreational limits. For the purpose of this warranty, recreational training dives are defined as scuba dives;

- a. Planned to 40 meters/130 feet or shallower
- b. Planned without mandatory stage decompression (safety stops are acceptable)
- c. Made using compressed air. However, coverage for training activities using enriched air is provided only when students are previously certified divers.

Technical training dives shall be planned with the following limitations:

- a. Planned to 60 meters/265 feet or shallower
- b. Made using compressed air, enriched air, oxygen or trimix only.

4. Supervised dives shall be planned within accepted recreational limits. For the purpose of this warranty, recreational supervised dives are defined as:

- a. Planned to 40 meters/130 feet or shallower
- b. Planned without mandatory stage decompression (safety stops are acceptable)
- c. Made using compressed air or enriched air only.

Supervised technical dives shall be planned with the following limitations:

- a. Planned to 60 meters/265 feet or shallower
- b. Made using compressed air, enriched air, oxygen or trimix only.

5. The instructor shall require each student to complete a medical history form at the beginning of instruction. If the medical history form indicates any condition contrary to safe participation in diving activities, the student shall be required to obtain medical approval by a licensed physician (based on a medical examination) prior to any water instruction. Any medical history form which is completed by a minor is to be signed by the minor's parent or legal guardian.

6. In no event will medical approval be accepted wherein the physician signing the certificate is the student.

7. At the beginning of instruction, the Instructor shall require each student to complete a release of liability / assumption of risk form, developed or approved by the certification organization (e.g. PADI) through which the training is offered. The release of liability / assumption of risk form will include an acknowledgement that the student knows the dive site may be remote and that a recompression chamber may not be readily available and that they still wish to continue their instruction and assume the risk of the absence of a recompression chamber. Any release of liability / assumption of risk form which is completed by a minor is to be signed by the minor's parent or legal guardian. In the event the instruction involves technical diving, the release of liability/assumption of risk form (also developed or approved by the certification organization through which the technical training is offered) shall include an acknowledgement that the training is technical dive training.

8. No scuba instruction shall be given to anyone under the age of 10, except that courses which are taught in confined water only (e.g. swimming pools) may be offered to anyone age 8 and older.

No instructor shall provide instruction to a minor (i.e. student between the ages of 8 and 18 years) without first having secured a release of liability and medical history form signed by parent(s) and/or legal guardian(s).

9. Records used for the purpose of recording the student's progress shall be maintained by the instructor and/or Dive Center/Resort Operator.

10. Records of knowledge tests for the purpose of evaluating the student's understanding of the instructional material shall be maintained by the instructor and/or Dive Center/Resort Operator.

11. All records relating to individual students shall be retained for a minimum of five (5) years by the instructor and/or Dive Center/Resort Operator.
12. Introductory Experience programs (programs designed to introduce non-divers to recreational scuba diving via a supervised, controlled open water dive experience) must be conducted in accordance with Recreational Scuba Training Council (RTSC) Standards. This warranty does not apply to confined water only experiences being conducted by properly certified divemasters, assistant instructors and instructors.

It is agreed that upon failure to conform to the foregoing warranties, this policy shall be considered null and void at the breach of warranty, and the underwriter agrees to remit the unearned premium upon demand.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned in the Declarations by a duly authorized representative of the Company.

SECRETARY

PRESIDENT

ENDORSEMENT #001

This endorsement, effective 06/30/04 at 12:01 AM

Forms a part of policy no.: 1323464

Issued to : PADI Worldwide Corporation

By: Lexington Insurance Company

ADDITIONAL INSURED FACILITY ENDORSEMENT

A. It is understood and agreed that the following, hereinafter sometimes referred to as "facility" or "facilities", are additional insureds under the Policy:

any retail dive store, dive boat, educational institution, marina, governmental entity, swimming pool facility, dive resort, hotel or motel, including the landlord or owner of or partners in such facilities, in or at which an insured instructor or dive master operates, which facility or facilities the Named Insured is required to include as an additional insured on this policy by a written contract or written agreement in effect during this policy period and executed prior to the occurrence of the bodily injury for which such additional insured seeks coverage under this policy.

B. With respect to any retail dive store for which Lexington is currently providing General Liability coverage during this policy period, such retail dive store shall be an additional insured pursuant to Paragraph A, above, whether the contract with the Named Insured is written or oral.

C. The insurance provided to such additional insureds under this endorsement is limited as follows:

1. The facility is only an additional insured with respect to liability arising out of the regular and usual operations of the Named Insured in connection with the Named Insured's teaching and/or supervising of SCUBA or snorkeling activities sanctioned and approved by PADI.
2. In the event the limits of liability provided by this policy exceed the limits of insurance required by the written agreement referred to in Paragraph A, above, the insurance provided by this endorsement shall be limited to the limits of insurance required by such written contract or written agreement. This endorsement shall not increase the limits of liability stated in Item 3 of the Declarations.
3. Any coverage provided by this endorsement to an additional insured shall be excess over any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless the written contract or written agreement referred to in Paragraph A, above, specifically requires that this insurance apply on a primary or contributory basis.
4. The insurance provided to such additional insureds does not apply to "bodily injury" or "property damage" arising out of a SCUBA diving training agency's providing or failing to provide:
 - a. training or educational standards or educational materials to any insured; or

b. supervision of SCUBA instructors, assistant instructors or dive masters

5. In accordance with the terms and conditions of the policy and as more fully set forth in the policy, each additional insured must, as soon as practicable, give us prompt notice of any "occurrence" which may result in a claim, forward all legal papers to us, cooperate in the defense of any actions, and otherwise comply with all the policy's terms and conditions.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT #002

This endorsement effective 06/30/2004 at 12:01 AM

Forms a part of policy number: 1323464

Issued to: PADI WORLDWIDE

By: Lexington Insurance

COVERAGE PERIOD AND WARRANTEE ENDORSEMENT

This endorsement modifies insurance provided under the following:

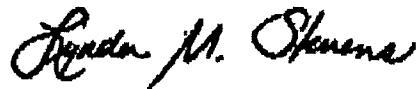
Under Section V Definitions, #3 Coverage Period is deleted in its entirety and replaced with the following:

3. "Coverage Period" means: the time from the inception of the first policy of this type written for you to the expiration of the last such policy we wrote for you including any Retroactive Dates and/or Extended Reporting Periods in such policy.

Under Section VIII Warranties, #3 is deleted in its entirety and replaced with the following:

1. Training dives shall be planned within accepted recreational limits. For the purpose of this warranty, recreational training dives are defined as scuba dives:
 - a. Planned to 40 meters/130 feet or shallower
 - b. Planned without mandatory stage decompression (safety stops are acceptable)
 - c. Made using compressed air. However, coverage for training activities using enriched air is provided only when students are previously certified divers or participating in an open water course with an enriched air training option.

All other terms and conditions of the policy are the same.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 003

This endorsement, effective 06/30/04 at 12:01 AM

Forms a part of policy no.: 1323464

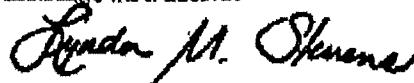
Issued to: PADI WORLDWIDE CORPORATION

By: LEXINGTON INSURANCE COMPANY

ADDITIONAL INSURED - BLANKET FORM

- 1.) It is understood and agreed that additional insured coverage is included for any retail dive store (including its owners or partners), dive boat, educational institution, marina, government entity or municipality, swimming pool facility, landlord, property owner, dive resort, hotel or motel from which an instructor, assistant instructor or dive master operates. However, this additional insured protection shall in all cases be limited in scope to apply only to the regular operations of the named insured in connection with his or her teaching and/or supervising of scuba or snorkeling activities sanctioned and approved by PADI.
- 2.) Additional insureds other than those entities above are added as an additional insured if named on a certificate of insurance issued to an insured. However, coverage is limited to claims arising out of the regular operation of the named insured in connection with his or her teaching or supervising of scuba or snorkeling activities sanctioned and approved by PADI.
- 3.) However, the insurance provided to the additional insured does not apply to:
"Bodily Injury" or "property damage" arising out of a scuba diving training agency's rendering or failure to render:
 1. Training or educational standards, or educational materials to any insured.
 2. Supervision of scuba instructors, dive masters, or assistant instructors.

All other terms and conditions remain unchanged.



Authorized Signature

ENDORSEMENT #004

This endorsement, effective 06/30/04 at 12:01 AM

Forms a part of policy number: 1323464

Issued to: PADI WORLDWIDE CORPORATION

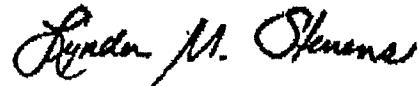
By: Lexington Insurance

NAMED INSURED AMENDMENT

In consideration of the premium charged, it is understood and agreed that Item 1 of the Policy Declarations - NAMED INSURED - is amended to read as follows:

PADI Worldwide Corporation
International PADI Inc., d/b/a PADI Americas
PADI International Ltd d/b/a PADI U.K.
Diving Science and Technology Corp. d/b/a DSAT
Capital Investments and Ventures Corp d/b/a CIVCO
PADI Travel Network Inc., and their parent company and affiliates
PADI Risk Purchasing Group, Inc.
Project A.W.A.R.E Foundation
Emergency First Response, Corp

All other terms and conditions of the policy are the same.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT #005

This endorsement, effective 06/30/2004 AT 12:01 AM

Forms a part of policy no.: 1323464

Issued to: PADI WORLDWIDE CORPORATION

By: LEXINGTON INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL TERRORISM EXCLUSION

This insurance does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of or in connection with "terrorism" including but not limited to, any contemporaneous or ensuing loss caused by fire, looting or theft.

"Terrorism" means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes

with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power,

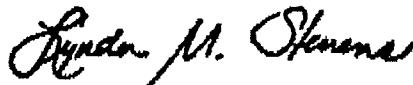
authority or military force, when the effect is to intimidate, coerce or harm:

"Terrorism" includes a certified act of terrorism defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments.

DEFINITION - The following definition of terrorism shall apply:

- (1) A government;
- (2) The civilian population of a country, state or community; or
- (3) To disrupt the economy of a country, state or community.

All other terms and conditions of the policy are the same.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT #006

This endorsement, effective 06/30/04 12:01 AM

Forms a part of policy no.: 1323464

Issued to: **PADI WORLDWIDE CORPORATION**

By: **LEXINGTON INSURANCE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAR EXCLUSION

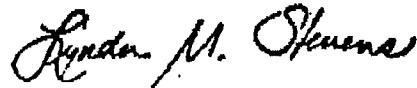
This insurance does not apply to loss, injury, damage, claim or suit arising directly or indirectly, out of:

1. War, including undeclared or civil war; or
2. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

This exclusion supercedes any exclusion pertaining to War, which may be in the policy.

If the policy does not include a Terrorism exclusion, then this War Exclusion does not apply to an Act of Terrorism defined by Section 102. Definitions., of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments thereto.

All other terms and conditions of the policy remain the same.



Authorized Signature or
Countersignature where required

ENDORSEMENT # 007

This endorsement, effective 06/30/04 12:01 AM

Forms a part of policy number: 1323464

Issued to: PADI WORLDWIDE CORPORATION

By: Lexington Insurance

ADDITIONAL INSURED ENDORSEMENT

It is agreed that the following is named as an additional insured under this policy:

NAME NATIONAL GEOGRAPHIC SOCIETY

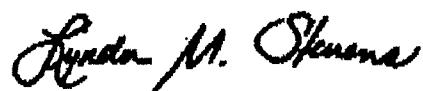
ADDRESS 1145 SEVENTEENTH STREET, NW

CITY/TOWN, STATE WASHINGTON, DC 20036-4699

AS RESPECTS PADI CO-SPONSORED DIVING INSTRUCTION

It is further agreed that naming the above as an insured does not serve to increase the Company's liability as specified in the declarations of this policy.

All other terms and conditions of the policy are the same.



Authorized Representative OR
Countersignature (In states where applicable)

ENDORSEMENT # 008

This endorsement, effective 06/30/04 at 12:01 AM

Forms a part of policy number: 1323464

Issued to: PADI WORLDWIDE CORP

By: Lexington Insurance

LIMITS OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

Subject to the provisions set forth in the Declarations and Section - LIMITS OF LIABILITY AND DEDUCTIBLE, it is agreed and understood that:

- A. The Limit of Liability for Each Claim applies separately to each certificate holder.
- B. The Limit of Liability Annual Aggregate applies separately to each certificate holder who purchases individual instructor coverage.
- C. Insureds who are covered under a Dive Center/Resort certificate shall all share one Annual Aggregate with all other Insureds listed on the same certificate.

All other terms and conditions of the policy are the same.



Authorized Representative OR
Countersignature (in states where applicable)

ENDORSEMENT #009

This endorsement, effective 06/30/04 at 12:01 AM

Forms a part of policy no.: 1323464

Issued to: PADI WORLDWIDE CORPORATION

By: LEXINGTON INSURANCE COMPANY

SCHEDULE OF RATES/ADVANCE PREMIUM**ALL RATES ARE PER INSTRUCTOR**

Classification Description	Rate	Advance/Deposit Premium
RATES ON FILE WITH COMPANY		\$4,500,000 ESTIMATED

